

FACT SHEET ON NIAGARA TOLLS

The New York State Thruway Authority collects tolls in order to provide public transportation services in western New York and across the State. As a user-fee supported highway system, the Thruway is paid for by the travelers who use it, an estimated one-third of whom are from out of state, and the Authority receives no State tax dollars to invest in this system.

In 1950, then Governor Thomas E. Dewey appointed a committee to develop a plan for a toll highway. The committee recommended that the Thruway be financed by a public authority that could issue bonds supported by toll revenues. Accepting these recommendations, the Legislature passed and Governor Dewey signed the bill that created the Thruway Authority on March 21, 1950, now found in Article 2, Title 9, of the Public Authorities Law.

On December 23, 1960, the final six miles of the Niagara Section were opened to traffic and the Authority invested \$119.5 million in this Section from inception through 1969. At that time, tolls were collected at both the City Line and Black Rock Barriers. The Grand Island bridges were already tolled when the Thruway Authority assumed jurisdiction.

Since 1988, the Authority has collected \$167.8 million at the Black Rock and City Line barriers, an average of \$9.3 million per year. However, during the same time period, the Authority has invested \$232 million on this stretch of highway in capital expenditures alone, averaging \$13.9 million per year, an amount that does not include plowing, policing, paving and all the other operational expenses incurred along this stretch.

The Authority invests approximately \$13 million for capital, another \$4.2 million in operating (less toll collection), and approximately \$1 million for State Police in this area annually, far exceeding what is collected at these two barriers.

The removal of Thruway tolls would not eliminate the need to maintain, operate and invest in this section of highway, or the system statewide, but would result in local governments and State taxpayers absorbing those multi-million dollar financial costs; tolls are an important revenue source and without them, additional burdens would be placed on non-users of the system.

FEDERAL FUNDS

The Federal government reimbursed the Authority \$42.4 million of the total \$119.5 million cost of construction of the Niagara section. Motorists can get on and off the Niagara Section from N1 (South Ogden Street) to N9 (Porter Avenue); from N11 (Scajaquada Expressway) to N17 (River Road); and, from N18 (Grand Island) to N20 (Long Road) without paying a toll. These segments of the Niagara Section have been opened to traffic on a toll-free basis since December 23, 1960.

Citing a letter dated June 2, 1975 from former Thruway Authority Deputy Executive Director Phillip B. Lee to a Mr. Thomas A. Gawrys, then-President of the Cheektowaga Chamber of Commerce, "On the remaining 8.82 miles of the Section, on which no tolls are charged, the Thruway Authority contributed \$24.1 million and the federal government provided approximately \$42.4 million under the Federal aid formula that applies to eligible highways anywhere in the United States. A small amount of this Federal aid was allocated to certain fencing contracts on non-toll areas. Of the total \$119.5 million cost for the Section, Authority funding amounted to \$77.1 million."

Under a 1982 agreement between the Authority, the New York State Department of Transportation (NYSDOT) and the Federal Highway Administration (FHWA), Thruway tolled lane miles were added to the Federal aid formula under which the State receives Federal aid for interstate reconstruction and

rehabilitation. The 1978 Federal legislation authorizing the 1982 agreement required that tolls be removed from the Thruway once all of the outstanding bonds were retired in 1996.

The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), signed into law in December 1991, changed this requirement and authorized the continuation of tolls on the Thruway provided that all toll revenue was used in the operation and maintenance of the Thruway (primarily) and other State transportation projects (secondarily) eligible for assistance under United States Code Title 23. At the request of the Cuomo Administration on June 15, 1992, then Thruway Authority Chairman Peter Tufo and then NYSDOT Commissioner Franklin White submitted their request to FHWA for authorization to continue to collect tolls on the Thruway. The request was approved by FHWA on June 29, 1992, and the 1982 agreement was amended to allow for the continuation of the tolls in accordance with the new Federal requirements.

Additionally, ISTEA contained a provision authorizing reimbursement to states that constructed segments of the Interstate Highway System without Federal assistance. New York's share of that reimbursement was to be \$4.89 billion over a fifteen-year period. However, the reimbursement program was eliminated by successive Congresses after only two years of funding. In total, New York only received \$600 million in payments. These funds were programmed into New York State's road and bridge program and none of the \$600 million has ever been made available to the Thruway Authority. The money authorized by ISTEA could never be used for toll removal in the Buffalo area. Those funds were to be used for future capital projects and were targeted for specific purposes, which did not include toll removal.

The Thruway Authority received only \$3.1 million in Federal operating reimbursement for bridge inspections and pavement striping in 2005, representing 1 percent of the Thruway operating expenses for that year. In addition, only 7.5 percent of the Thruway Authority's \$2.6 billion capital program is funded with Federal aid.

The Authority receives no Federal funds that are eligible for toll removal. Except for \$3.1 million for pavement striping and bridge underwater inspections in 2005, the Authority has no discretion to use Federal Interstate Maintenance (IM) funds for anything other than new capital construction or reconstruction or resurfacing. Since IM funds are apportioned based on a lane mile based formula, and the Niagara section constitutes a small percent of the overall Thruway system (4.3 percent), it would not be equitable to spend all of these funds in one location. Plus, the Federal funds are targeted for highway improvement projects, and no Federal funds are eligible for use in toll removal.

In 2004 and 2005, Federal funds were received in accordance with the Federal-Aid Highway Act that provides funding to the Authority based on the number of lane miles and vehicle lane miles traveled on tolled portions of the Thruway, with the funds being used for resurfacing, restoring, rehabilitation and reconstruction of routes on the Interstate system. In addition there have been Federal funds for special member items such as noise barriers, Intelligent Traffic Systems (ITS) and high priority projects like the I-84/I-87 Interchange 17 project. The MOU with DOT has expired, and the Authority does not anticipate receiving any Federal IM funds from either current or future authorizations. However, in the future the Authority does anticipate receiving additional Enhancement Funds for Canal purposes and limited Federal funds for certain high-priority projects.

These funds have been used for the following projects:

2004

- \$26.6 million for highway resurfacing
- \$14.0 million for highway reconstruction
- \$ 8.7 million for I-84/I-87 Interchange 17 project
- \$ 4.7 million for Byram River Bridge

\$ 3.2 million for the Authority's share of I-287 Cross Westchester Expressway project
 \$ 2.4 million for pavement striping and bridge underwater inspections

\$47.1 million for Canal enhancements

2005

\$9.8 million for highway resurfacing
 14.8 million for highway reconstruction
 .5 million for I-84/I-87 Interchange 17 project
 1.1 million for Byram River Bridge
 1.8 million for the Authority's share of I-287 Cross Westchester Expressway project
 3.1 million for pavement striping and bridge underwater inspections
 4.6 million for Grand Island Bridge repairs

15.5 million for Canal enhancements

TOLLS vs. TAXES

In 1991, the New York State Legislature established a bi-partisan Thruway Authority Transition Advisory Council to study the future of the Thruway. The Council recommended that the Thruway remain a self-supporting toll facility to pay for ongoing operational, maintenance and capital costs. The recommendation was based on the premise that the continuation of tolls was more equitable than imposing additional taxes on New Yorkers to support the Thruway since tolls were only paid by the users of the System, an estimated one-third of whom are from out of state. The Legislature accepted this recommendation with the passage of Chapter 766 of the Laws of 1992.

NIAGARA TOLL REMOVAL FUND

The Niagara Thruway Toll Removal Fund was created by the Legislature in 1966. It was to be administered by three trustees, one of whom was to be the Commissioner of NYSDOT, and placed within the custody of NYSDOT. According to our records, the agreement for toll removal and payment therefore between New York State, the Thruway Authority and the Federal government contemplated by the statute was never executed and no monies have been allocated or appropriated to the Thruway Authority from this Fund. Furthermore, the Authority has never been a trustee of the Fund, nor have any of the required trustee appointments been made.

According to NYSDOT, the State has never received Federal money that is eligible to pay for the removal of tolls along the New York State Thruway. In fact, the only three-way agreement currently in effect is the aforementioned 1992 agreement which specifically authorizes the collection of tolls on the Thruway System. Furthermore, the New York State Division of Budget and the Office of the State Comptroller concur that there is no record of any State appropriations going into the Fund, nor is there any record of the Thruway Authority receiving any State appropriations from the Fund.

THRUWAY COMMUTERS

The Thruway Authority recognizes the uniqueness of the highway networks in and around the Buffalo/Niagara area and has adjusted the toll structure accordingly. The City Line and Black Rock toll barriers were installed in 1960 when the Niagara Section was completed, with an original one-way toll of 10 cents, later increased to 15 cents, and then to 25 cents each way in 1980. When one-way collection was implemented in 1986, the round-trip toll remained 50 cents, as it does to this day for customers enrolled in the E-ZPass Commuter Plan. In essence, for those commuters in the Plan, the round trip toll has remained unchanged for 26 years.

The assertion that only Buffalo is burdened with these tolls while other New York metro areas are not, is not true. The fact is millions of commuters in and around the cities of Albany, Syracuse, Schenectady, Utica as well as much of downstate use the Thruway System to get to and from work, and the Thruway offers various commuter discounts for them as well. Furthermore, the Thruway Authority has no capital, operating or maintenance responsibilities for other upstate interstates which are under the jurisdiction of NYSDOT. Those roads are supported with State and Federal tax dollars, not tolls.

BUFFALO REGION INVESTMENTS

It currently costs the Authority more than \$44 million a year (not including toll collection) to operate and maintain the portion of the Thruway within the Buffalo Division, which stretches from the Pennsylvania state line to Interchange 45 (Rochester, Victor).

On April 25, 2005, the Authority Board approved a multi-year highway and bridge Capital Plan that addresses critical infrastructure needs, traffic demands and improved customer service along the Thruway System through 2011. For the Authority's Buffalo Division, \$594 million will be invested in 126 miles of new and/or rehabilitated highway, 81 new and/or rehabilitated bridges, 89 added truck parking spaces and 5 new noise barrier locations.

FUTURE IMPROVEMENTS

The Williamsville Barrier relocation project, at an estimated cost of \$60 million, is included in the Authority's multi-year Capital Plan. Since the original design and construction of the existing Williamsville Toll Barrier in 1953, the population of nearby towns has more than doubled, as has the traffic. Barrier operations at the current facility are further complicated by the proximity to Interchange 50 (I-290) and Interchange 49 (Transit Road).

To help reduce delays and provide a means to address future traffic demands, the Authority will construct highway-speed E-ZPass lanes, enabling E-ZPass customers to safely separate themselves from the cash toll lanes, and travel through the area at highway speeds while electronically paying their tolls.

The Authority anticipates a December 2008 letting for this project, with a formal public hearing in the spring or summer of 2006. It is anticipated that construction will be completed and the new barrier operational in 2010.

The Authority and the NYSDOT, in cooperation with the FHWA, have initiated a \$1.2 million corridor study of the Buffalo area in Erie County. The corridor study will include I-90 between Interchanges 49 (Transit Rd.) and 53 (I-190) and the Youngmann Memorial Highway (I-290) between I-90 and Interchange 7 (Main Street). The purpose of this study is to develop a plan to address capacity, structural, safety, and operational needs for this corridor over the next 30 years. The study is scheduled for completion near the end of this year. The cost of the projects likely to be recommended from the study is anticipated to exceed \$200 million.

A traffic study of the I-190 corridor was completed in 2001. The I-190 corridor is a direct route between Niagara Falls Canada and the city of Buffalo, NY. The North and South Grand Island bridges carry I-190 over the east branch of the Niagara River and provide the only means of access to Grand Island in the Town of Tonawanda, Erie County. The original set of bridges was constructed in the 1930s.

The traffic study concluded that the two South bridges each need three traffic lanes to accommodate current traffic and will need four lanes each to handle traffic expected by year 2020. The same study showed that the North bridges each will need three lanes by the year 2010. Further study is recommended

to address the shortcomings of these functionally obsolete bridges, but preliminary estimates for replacement structures are approximately one-half billion dollars, with a similar cost for associated work on the bridge approaches and adjacent highway.

FUTURE OF TOLL COLLECTION

Vollmer Associates, an engineering firm that specializes in traffic and transportation planning has already begun to examine the costs, benefits and impact of alternatives to where and how the Authority collects tolls in Western New York and across the Thruway System. This study is expected to be completed this year. However, it is important to note, no roads are cost free, since they all require continual maintenance and investment.

SPRING VALLEY

There has been an attempt to compare the Spring Valley/Tappan Zee Corridor Congestion Pricing plan to these two barriers, claiming that because passenger vehicle tolls were moved from Spring Valley they can be removed from Ogden and Breckenridge. The fact is, the \$0.40 passenger toll collected at Spring Valley was able to be removed by raising the toll at the nearby Tappan Zee Bridge by \$0.50 for passenger vehicles. Because an overwhelming majority of travelers were paying both the Spring Valley and Tappan Zee Bridge tolls, the Authority was able to "move" the Spring Valley tolls to the Tappan Zee Bridge Barrier. To alleviate congestion while maintaining revenue neutrality, commercial congestion pricing was implemented at the Spring Valley Barrier and the Tappan Zee Bridge Barrier (which doubled commercial cash tolls) and passenger tolls were increased from \$2.50 to \$3.00 at the Tappan Zee Bridge Barrier. It is important to note that no tolls were increased outside of this region to implement this program.

MANDATED EXPENDITURES

The Thruway Authority's operation responsibilities for I-84 and I-287 and their toll-free status were also proposed and implemented by the Cuomo Administration. The Authority has no capital responsibility for these two roads; however, the Authority has always had capital responsibilities for I-190.

In addition, Chapter 766 of the Laws of 1992, also mandated that the Thruway Authority, through its subsidiary the New York State Canal Corporation, operate and maintain the New York State Canal System. Since 1992, the Authority has fulfilled its commitment. A pilot program initiated to lift the tolls on the Canal System for one year is being subsidized with \$200,000 from the New York State Department of Parks, Recreation and Historic Preservation, as part of the Boater Access Fund, to offset the lost Canal toll revenue. Thruway users are not paying for this program.

BUFFALO WATERFRONT DEVELOPMENT

It is important to understand the history of the Authority's efforts regarding the Erie Canal Harbor Project, formerly referred to as the Buffalo Inner Harbor and Development Project, as well as the Tonawanda Inner Harbors and the Tonawanda Trail Project. The investments into the Erie Canal Harbor Project and the Tonawanda Harbors and Trail Project in Western New York, as well as the Syracuse Inner Harbor and the Syracuse Bus Station – Syracuse Intermodal Center- were all mandated by State law.

The State Legislature voted overwhelmingly to have the Thruway Authority provide the financial backing for various Western New York harbor and trail projects. State law provides that the money authorized for the Erie Canal Harbor Project, and the Tonawanda Inner Harbors and the Tonawanda Trail *all combined* is capped at \$15 million. More specifically, the Public Authorities Law Section 384, provides that "an amount not to exceed fifteen million dollars shall be made available for improvements related to the

Buffalo Inner Harbor component of the Horizons Waterfront Development Project, or portions thereof, generally located in and around Erie County, and the New York State Canal System generally located along the Erie Canal in Erie and Niagara Counties.”

The Authority’s commitment to its funding obligation with respect to the Buffalo waterfront has been consistent. To date, the Authority has paid \$12.2 million for the Erie Canal Harbor Project, and the Tonawanda Harbors and Trail Project. The latest bill received from Empire State Development Corporation (ESDC) by the Authority was dated December 20, 2005, which was paid on January 26, 2006. The remaining \$2.7 million due to ESDC will be paid out as soon as the Authority receives billings for completed work. The Authority has met and will continue to meet the obligations as they were laid out by the State legislature.

Pursuant to Legislative mandate the Authority is strictly a funding source for the project; the project is being managed by Empire State Development Corporation.

* updated as of Tuesday, April 18, 2006